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Dear Client:

Peak crowds at Austin's airport should start to dwindle somewhat, after setting a record in June that may be surpassed when the July tally is final. Area growth and one of the best economies in the nation are two reasons passengers are bumping elbows in the terminal.

For the first time ever, the number of airline passengers topped 900,000 in June 2013 at Austin-Bergstrom International Airport (ABIA) – 911,675, to be precise. To give you an idea of how the traveling crowd has jumped in just one year, **June saw 66,681 more passengers go through the security checkpoints than occurred in June 2012.**

The reason the record may be smashed again when the July numbers are released in a couple of weeks: **July has traditionally been the month with the highest totals.** The number of travelers taper off in August as leisure travel winds down. So, this month, should begin a slowdown that could last until year-end.

You would expect that, with these big numbers, the airlines serving ABIA would be flourishing. You would be right, with one significant exception. **American Airlines ABIA passenger totals actually *dropped* by 6%.** Compare that to Austin's airline gorilla, Southwest, that was up 10.5%. Or with United Airlines that was up 93% (counting their sub-contractors, such as SkyWest and Mesa). Delta was up 7%.

ABIA market share was divided this way during the record-breaking month: **Southwest, 39.4%** ... **American, 17.7%** ... **Delta, 12.3%** and **United, 8.6%**. The remaining 22% was spread around the remaining half-dozen-or-so airlines, such as JetBlue, USAirways, Frontier, Alaska and Virgin America.

Speaking of airlines, Mexico's leading regional airline, **Aeromar, will begin Austin-Mexico City nonstop service starting 10/21/13.** Flights will depart out of Mexico City to Austin early morning and from Austin to Mexico City by mid-morning, with **five flights a week.** Aeromar is targeting the business traveler and will offer one piece of checked baggage free on its CRJ-200 50-passenger jets.

As you may know, ABIA is making changes due to *this* growth, and anticipated *future* growth, including **expanding the terminal and adding more parking.**

Speaking of growth, in the next 40 years the Austin metro is expected to more than triple its 2010 population of 1.7 million to more than 5.3 million. Stop a minute and let this sink in. Then, on top of this, factor-in similar -- though not as spectacular -- growth in the other major Texas metros. What will all this growth look like?

The long-term outlook calls for the ongoing urbanization of Texas. **Population will continue to concentrate even more into the state's principal metropolitan areas**, according to research economist **James Gaines** with the Real Estate Center at TexasA&M University. He has completed an analysis of population projections from the Texas State Demographer's Office. What will this urbanization look like?

Consider that in the 2010 USCensus, more than 64% of the state's population lived in one of the four major metro areas. This makes Texas pretty doggone urban, especially as compared to the not-so-long-ago time when cotton and cattle were king in Texas. Looking ahead, the 2050 projections indicate the percentage of Texas residents located in one of the four **major metro areas will approach nearly three-quarters of the total population.**

The 2050 population numbers are staggering when you break them out by metro area. Adding to the more than 5.3 million people in the Austin metro are these projections: **Dallas-Fort Worth** will go from 6.4 million in 2010 to nearly **16.8 million in 2050 ... Houston-Sugar Land-Baytown** will swell to more than **14.4 million ... and the San Antonio** metro will nearly double from 2.1 million in 2010 to **4.2 million by 2050.**

Did you notice the Austin metro is expected to have a population that exceeds the San Antonio metro by more than a million people in 2050? Of course, while Austin leads in *percentage* population growth (more than tripling 2010), it will be nowhere nearly as large as the big two metros of Dallas and Houston.

Okay, if these projections prove to be accurate, **what will be the composition of all these new Austin area residents?** We've reported for years that demographers point out the population trend lines mean Austin (and in fact the state as a whole) will become an area where **minorities become the majority.**

In fact, **by 2050 Hispanics will make up more than half of the 5.3 million people in the Austin area.** In 2010, Hispanics were 31.4% of the 1.7 million population, so you can see the dramatic growth in that demographic. It will be somewhat of a flip-flop with Anglos, who made up 54.7% of the 2010 totals, but **in 2050, the projections call for Anglos to be 31.6% of the total. Blacks will make up 4.9% and Asian and others will total 12.6%.** By the way, when you add all the minorities together, **it will be just a few short years before the Austin area Anglo demographic becomes a "minority."** **The Texas State Demographer predicts Anglos will dip to 49.7% of the 2.3 million residents in 2020.** More info in the next item.

The major shift in the future population of the Austin area and the state of Texas, though somewhat different in actual numbers, is a microcosm of the national experience in that it reflects the rapid growth in Hispanic, Asian and other non-Anglo population groups.

Facts to file away in the back of your brain: “There are more Texans than ever before. **There are more young people, more middle-aged people and many more older people.** There are more Anglos and considerably more Hispanics. Although the population growth rate during the first decade of the 2000s was slightly less than that of the 1990s, **the state still continues to far outpace the national experience and almost all other states,**” observed **James Gaines**, research economist with the Real Estate Center at TexasA&M.

Looking ahead, Gaines suggests additional facts to file away: “During the next 40 years, Texas’ demographics will change even more dramatically than during the past 40. The absolute number of people added to the state’s total population will be more than twice what was added in the past four decades.” **The Dallas, Houston and San Antonio metros will more than double their populations. And the Austin metro will lead the major metro pack by tripling its population.** Hang on. It’ll be a fast-paced ride in the years ahead.

As a reflection of the state’s consistent, steady economic gains, sales tax collections in Texas have risen now for 40 consecutive months. Austin is right in there in this solid incline and it speaks volumes about retailers, their customers and budgets for governmental entities.

The Office of the State Comptroller collects sales taxes. In this case, **the taxes were collected on transactions in June**, compiled in July, then allocated in August to the state’s coffers as well as to cities, counties, etc., for their portion of the revenue. **The state’s increase was 7.3%** over the same month a year ago. **The city of Austin’s share was up 4.6%.** Other cities in the Austin metro also saw monthly increases over the previous year, some even greater than 15%.

In addition to being indicative of a steady economy, these increasing inflows of sales tax money mean **budgets of the state, cities and counties, even transit systems and special purpose taxing districts**, are given a fairly reliable steam of revenue.

San Antonio’s sales tax revenue went up a whopping 20%, while Austin’s, the state’s and others saw only single-digit increases. What’s going on an hour’s drive south of Austin?

A big part of the answer lies in what’s going on further south -- an hour-or-so drive south of San Antonio itself, where the **Eagle Ford shale play has created an oil and gas boom that is directly affecting San Antonio.** “The oil and gas industry has added thousands of jobs to the area,” said a city economic development spokesman. And it’s showing up big time in the stats.

This week, UTAustin -- with a big boost from an Austin couple -- broke its all-time record for fund-raising in a fiscal year. And it now enters its final push to reach an even bigger capital campaign goal set seven years ago.

The previous record of \$366 million was set in 2007-2008. With three weeks left in its current fiscal year, UTAustin president **Bill Powers said it has raised \$396 million.** Powers reported that more than 87,000 alums, individuals who are not alums, corporations, foundations, etc. have “invested in us this year.” And 90% of the donations were less than \$1,000.

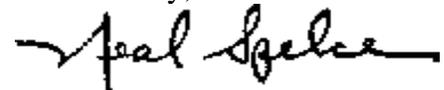
So there had to be some huge gifts, right? The big gift this year was a \$50 million pledge from the Michael and Susan Dell Foundation for the Dell Medical School. (Interestingly, you may recall the Dells amassed their fortune after Michael dropped out of UTAustin to pursue his game-changing concept of building a computer company!) **The other biggie, \$25 million, came from Terry and Robert Rowling** for a new graduate education building for the McCombs School of Business.

Now what? Powers said “**seven years ago, we set a capital campaign goal three times larger than anything attempted before, \$3 billion.** The economy crashed, and headwinds rose up. But we kept our heading and forged ahead, and **we now have raised about \$2.2 billion.** We are within striking distance of our goal, but before we can claim victory we will need one more extraordinary year, an effort that dwarfs anything we have seen so far.”

What will all this money do, Bill? “These record-level gifts will directly benefit our students, support game-changing research and help us **make UTAustin the top public research university in the nation,**” said Powers, echoing a goal he set for UTAustin when he first became president.

Dr. Louis Overholster says he doesn’t need research to confirm intelligent life exists elsewhere in the universe: “I know intelligent life exists out there and the proof is that it has never tried to contact us!”

Sincerely,



Editor/Publisher